



NEW APPLICATION

ORIGINAL

Sulphur Springs Valley Electric Cooperative, Inc.



0000097993

A Touchstone Energy* Cooperative

2009 SEP -4 P 1:11



520-515-3470

311 E. Wilcox, Sierra Vista AZ 85635

AZ CORP COMMISSION
DOCKET CONTROL

September 4, 2009

Arizona Corporation Commission
Steven M. Olea
Director - Utilities Division
1200 W. Washington
Phoenix, AZ 85007

E-01575A-09-0429

Dear Mr. Olea,

Sulphur Springs Valley Electric Cooperative, (SSVEC) is submitting two items to the ACC for review and approval. The 2010 REST plan (which includes our proposed 2010 REST tariffs) and the NET Metering tariff have been sent to Docket Control and are attached for your convenience.

In view of the tough economic times and some of the debate from our recent rate case hearing, our 2010 REST plan contains three funding levels for tariffs and for expenses. The first keeps the funding levels at current levels. The third level is what SSVEC requires in terms of funding to reach its renewable energy goals. We also included an alternative in the middle.

We are also filing the NET Metering Tariff as required (A.A.C. R14-2-2301 through R14-2-2308) by Decision 70567.

For efficiency, we are hoping to have these two items considered by the Commission at the same time.

Please feel free to contact myself or David Bane (520-515-3472 / dbane@ssvec.com) if you have any questions regarding these submissions.

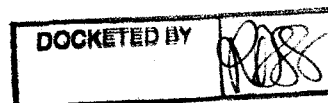
Respectfully,

J. Blair

Jack Blair
Chief Member Services Officer
Sulphur Springs Valley Electric Cooperative
520-515-3470
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Arizona Corporation Commission
DOCKETED

SEP 4 2009



SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE

REST PLAN FOR 2010

A.A.C. R14-2-1814

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I BACKGROUND

The Arizona Corporation Commission (“Commission”) approved the Renewable Energy Standard and Tariff Rules (“REST Rules”) in Decision No. 69127 dated November 14, 2006. Following Attorney General Certification, the REST Rules took effect on August 14, 2007. Among other things, the REST Rules require the affected utilities serving retail electric load, such as Sulphur Springs Valley Electric Cooperative (“SSVEC”) to derive certain percentages of the total energy that they sell at retail from eligible renewable energy resources.

After the REST Rules took effect, SSVEC filed tariffs to establish a REST surcharge for our members pursuant to R14-2-1808. The Commission approved these tariffs as part of Docket No. E-01575A-07-0310 Decision No. 70096. SSVEC is requesting modifications to these approved tariffs in this filing.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814 instructs the cooperatives to file “an appropriate plan for acquiring renewable energy credits for eligible renewable energy resources for the next calendar year.” Upon Commission approval, its provisions substitute for the requirement of R14-2-1804 and R14-2-1805 for SSVEC.

Pursuant to the requirements of the REST Rules, SSVEC submits this REST Plan for calendar year 2010 (the “2010 REST Plan”) for approval by the Commission.

II SSVEC 2010 REST PLAN

SSVEC will use surcharge dollars, any proceeds from consumer participation in the Green Energy Purchase Program and other potential sources (principally from approved grants and Federal clean renewable energy bonds) to fund its renewable program. These programs include both residential and commercial photovoltaic and wind project distributed generation rebates, and large-scale renewable installations, including possible participation in multi-utility joint projects. Surcharge funds will also be used to pay for the administration, advertising and promotion of these programs, as well as educational activities.

The primary parts to the SSVEC REST plan, which is called SunWatts:

- (1) The Sun Watts Green Contribution Program
- (2) The Sun Watts Residential Rebate Program
- (3) The Sun Watts Commercial Rebate and Performance Based Incentives
- (4) The public schools Clean Renewable Energy Bond program
- (5) The Sun Watts Large-Scale Generating Program
- (6) Sun Watts Residential and Small Business Loan Program
- (7) Sun Watts Loan Program for Large (over 20 kW) Systems
- (8) Solar Water Heating
- (9) Other Renewable sources from the UCPP guidelines
- (10) Additional Program incentives and grants
- (11) NET Metering
- (12) Calculating the 125% capacity

Each of these programs components will be presented in detail in the following pages:

(1) **Sun Watts Green Contribution Program:** SSVEC will continue to offer our Sun Watts Green Power Contribution Program. In this current program, members may elect to contribute additional dollars on their bills to be used to fund various renewable energy programs.

(2) **Sun Watts Residential Rebate Program:** The SunWatts rebate program pays customers rebates for the installation of qualifying photovoltaic (PV) and small wind installations. To qualify for the rebate the system can not be larger than 125% of the customers connected load. If demand data is not available, the Cooperative will estimate the annual kWh production of the unit and compare it to the prior 12 months usage history. This program will also be used in support of the Customer Self-Directed Renewable Energy Option as described in proposed Rule 1809. The Customer is eligible to participate in NET Metering. If residential customer chooses to install systems that exceed the 125% production capacity (see section 12), they will be paid using the Performance Based Incentives of the Commercial and Industrial ("C&I") program. Payments will be made following inspection and approval of the installed unit prior to energizing the system.

For Photovoltaic systems: SSVEC will pay \$3.00 per installed watt, up to 50% of the total cost of the system or up to 60% of the installed cost using the Performance Based Incentive as listed in the C&I rebate section. The Customer will provide a meter socket to record the system production if they choose to use a PBI.

For small wind systems (under 10kW combined total capacity): SSVEC will pay \$3.00 per Watt up to 50% of the cost of the system or up to 60% of the installed cost using the Performance Based Rebate as listed in the C&I rebate section. The

Customer will provide a meter socket for the meter to record the output of the wind generated renewable system.

Large wind systems (generation in excess of 10kW combined total capacity) for a residential Customer will be paid a performance based rebate at the same rate as the Commercial Rebate program. The Customer will provide a meter socket for the meter to record the output of the wind generated renewable system.

(3) The SunWatts Commercial Rebate and Performance based Incentives:

For grid connected systems, SSVEC will pay an upfront incentive or a Performance Based Incentive for C&I customers. For systems with less than 10kW of DC capacity the customer may choose either the upfront or Performance Based Incentive outlined below. For systems over 10kW or with a cost higher than \$75,000 will be paid by the Performance Based Incentive only, with a maximum total incentive payment of 60% of the system cost.

Upfront incentive: \$2.50 per DC watt up to 50% of system cost or \$75,000 max.

or

Performance Based Incentive *	10-Year REC and Payment Agreement (\$/kWh)	15-Year REC and Payment Agreement (\$/kWh)	20-Year REC and Payment Agreement (\$/kWh)
Grid Connected	0.202	0.187	0.180
Off-Grid	0.121	0.112	0.108

*with maximum total PBI payments of **60% of system cost**:

Customer will provide the meter socket for the meter to record the Performance Based Incentive kWh production. Production based incentives will be paid monthly as a bill credit. The Cooperative will provide the meter.

Off-grid C&I systems will be paid an Upfront incentive of \$2.00 per Watt up to half the system cost or the Performance Based Incentive as listed above.

If the Commercial customer chooses to install a system that is larger than the customer's connected load as determined in section 12 below, the excess energy will be purchased by SSVEC under a negotiated Purchased Power Agreement.

(4) The Clean Renewable Energy Bonds for Schools: As part of the Federal Energy Bill of 2006, there was a provision for electric cooperatives to borrow monies at no interest expense. SSVEC submitted 41 projects for a total of \$11,480,000 in order to fund solar shade structures for each public school in SSVEC's service territory. SSVEC was informed by its banker in early December 2007 that the federal government has approved all of the projects submitted by SSVEC. This project was approved by the Commission as part of the SSVEC 2008 REST Plan. These systems are in operation and have a total capacity of 984,000 watts (984kW). For 2010 these bonds will continue to be repaid from the REST funds collected. The repayment budget for CREBs is \$1,045,000 per year.

(5) The SunWatts Large-Scale Generating Program: To address the need for utility grade and size renewable projects, we have added a budget line item to the REST budget for the purpose of purchasing, financing, or acquiring PPA's for large scale (over 1MW) projects. SSVEC has applied for Clean Renewable Energy Bonds (CREB) to fund a 750kW system at the new Sonoita Substation site and will use the balance of the budget for PPA's from projects from local governments and businesses that are in the process of developing large scale projects.

(6) Sun Watts Residential and Small Business Revolving Loan Program. SSVEC will continue to offer its 3% revolving loan program for residential and small business with a \$2.00 per watt loan limit. The loan caps will remain at \$8,000 for residential and \$20,000 for small businesses and can be no more than 25% of the cost of the project. Loan amounts up to \$10,000 are repayable over five years and

loans in the amount of \$10,001 or more will be repayable over 10 years. These will be secured loans and liens will be placed against the customer's property.

(7) Sun Watts Loan Program for Large (Over 20 kW) Systems. SSVEC will offer a revolving loan program for large (over 20 kW) systems for our commercial and industrial customers. These customers will be able to borrow \$1.00 a watt up to \$75,000 or 25% of the cost of the project whichever is less. The interest rate on these loans will be 3%. Payments and interest from the Sun Watts Loan Program will be remitted back to the REST fund. Payments would be monthly and payable over a 60, 90, or 120 month period. These will be secured loans and liens will be placed against the property.

(8) Solar Water Heater Program. SSVEC will pay a rebate equal to \$0.75 per kWh of estimated energy saved during the system's first year of operation (this conforms to the Uniform Credit Purchase Program "UCPP" amount) based on the OG-300 ratings of the Solar Rating and Certification Corporation. Only OG-300 certified solar systems are eligible for the Sun Watts rebate. A list of OG-300 certified Solar Systems is available at the Solar Rating and Certification Corporation's website at www.solar-rating.org. In addition, the solar water heating system will be eligible for the Sun Watts loan program up to a maximum of 25% of the system cost. Residential and commercial water heater systems will be covered. Solar swimming pool heating systems are not eligible. SSVEC highly recommends that systems be installed by licensed contractors but if the member chooses to do a "self install" that the local building inspector must approve the installation to qualify for the SunWatts Rebate.

(9) UCPP Approved Technologies: SSVEC will use the incentive, specifications, and criteria developed by the UCPP Working Group as the basis for Performance Based Incentives.

Technology	UFI	PBI
Solar Day lighting	\$.20 per kWh for first year savings	
Geothermal Electric Thermal		\$.024 per kWh over 10 years \$.048 per kWh over 10 years
Biogas/Biomass Electric Thermal Cooling CHP-Electric CHP-Thermal		\$.060 per kWh over 10 years \$.015 per kWh over 10 years \$.032 per kWh over 10 years \$.035 per kWh over 10 years \$.018 per kWh over 10 years
Solar Space Cooling		\$.129 per kWh over 10 years

PBI is limited to 60% of the total cost of the project

The rebates are subject to revision based on the final approved version of the UCPP.

We are working with the other Cooperatives in Arizona and a customer to bring a geo-thermal project on-line in 2010.

(10) Addition Program Incentives and Grants:

- SSVEC will continue our partnership with the Habitat for Humanity Program to offer renewable energy options to low-income families in cooperative service territories. SSVEC will contribute dollars to the Habitat organization for the purchase of photovoltaic and other renewable energy equipment to be installed on Habitat homes and will also assist in finding local renewable energy equipment dealers who are willing to donate products and services.

The type and amount of equipment will vary from project to project. Up to

two of these projects will be undertaken each year at a cost not to exceed the costs identified in the annual REST budget.

- SSVEC will continue to provide a \$1,500 builder advertising incentive for builders who install renewable technologies on their model homes.
- SSVEC will continue to fund a grant program for teachers in our service territory for the development of renewable curricula for the classroom. SSVEC's budget should allow up to ten teachers to each receive a \$500 grant per year.

(11) NET Metering: SSVEC has filed a NET Metering tariff and all customers with renewable sources and approved interconnections are eligible for NET Metering

(12) Calculating the 125% capacity to qualify for rebate

- Systems of 10kW or smaller qualify for the rebate
- For system over 10kW and in the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average annual PV production hours) to determine the 100% capacity level in kW which will achieve a "net zero" home or business.
- For customers with a demand history it will be 125% of the highest demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.
- If none of the above applies, the customer will supply connected load data for analysis and approval by SSVEC.

III. MISCELLANEOUS ISSUES

RESPONSES TO ISSUES RAISED IN CHAIRMAN MAYES' APRIL 20, 2009 LETTER

- **Solar Map Development:** The development of a solar map would be an asset to Arizona's solar industry. Utility customers, solar contractors and solar developers alike could benefit from and utilize such a resource. SSVEC would support and participate in the development of such a map. Once completed the tool could be accessed and utilized through links on utility and stakeholder websites. If a project consortium approach was used, all interested parties would share in project costs proportionally based on the utility's size. Utilities should be able to utilize REST funds for this purpose at a capped level. Additionally, SSVEC would join the Arizona Cooperative's recommendation that the Arizona consortium study and utilize information from other similar state projects to streamline efforts, keep costs down and develop a superior resource.
- **Encouraging solar development in Congestion Zones:** The Arizona Cooperatives are largely comprised of relatively low-density residential or rural areas and do not have many high-density commercial or "Congestion Zones" located in their service areas. For these reasons, SSVEC does not believe that there would be any significant benefit to identifying such zones in their service territory.
- **Making heightened rebates available to early adopters and large-scale developers:** SSVEC and the other Cooperatives think that their incentive levels

are currently very generous and do not believe heightened rebates for early adopters of the RES program or for those that adopt solar on a large scale are needed in their case. The recently enhanced tax credits and the over 100% increase in DG installations through 2008 and 2009 to date also indicate that still higher rebates are not necessary at this time.

- **Encourage deployment of solar on multifamily buildings and community centers:** To encourage the deployment of solar on multifamily buildings and community centers, SSVEC would target such an initiative with a program designed for this purpose. The Cooperatives would develop a program that offers multifamily building developers a performance incentive based on the actual metered output from all solar meters that would be paid based on the UCPP incentive matrix over a ten-year period.

IV. ADMINISTRATION OF THE REST PLAN /SUN WATTS PROGRAM

Annual Reporting and Plan Development: Pursuant to the Commission's Decision for SSVEC's 2008 Rest Plan (Docket No. E-01575A-07-0310, Decision No. 70096), SSVEC is to file its Annual Compliance Report no later than February 15th of each year. SSVEC hereby requests that it be permitted to file its 2009 Compliance Report and all subsequent Compliance Reports no later than March 1st of each year. SSVEC is requesting this additional two weeks to provide sufficient time to close out its financial reports for the year in accordance with its normal schedule

Advertising, Promotion, and Education: SSVEC works closely with the other Arizona Cooperatives in developing and executing the REST/Sun Watts program.

SSVEC advertises in a variety of channels, including, but not limited to: bill inserts, bill messages, *Currents* (by monthly magazine), posters, television, radio, print, participation in local events (annual meetings, county fairs, etc), and the SSVEC website.

SSVEC also works in partnership with other electric providers in the state of Arizona for the Arizona Utilities for Renewable Energy Education (“AZURE”) initiative. AZURE is jointly developing renewable energy education material for teachers and educators across Arizona. The group’s website is www.azureeducation.com.

In order to ensure that SSVEC members receive maximum value for the REST/Sun Watts programs, SSVEC will not use more than 10% of the total surcharge funds collected for administration, research, and development, and advertising expenses.

V. ESTIMATED RESULTS/BUDGET/TARIFFS

The current REST tariff was approved in 2007 for the 2008 REST Plan and was enough to keep the program fully funded in 2008. SSVEC estimated that the demand for rebates would remain steady and that the REST collection levels would be adequate through 2009. In 2009, with the change in the tax incentives, SSVEC experienced a dramatic increase in participation which has led to delayed payments of rebates due to inadequate funding from the monthly surcharge.

The current state of the economy and comments from the Commissioners during SSVEC’s recent rate case, have left SSVEC in a quandary as to the REST Surcharge levels. For the 2010 REST plan, SSVEC submits three funding levels for Commission consideration. Option #1 has no change in Surcharge amount or caps. Option # 2

increases the Surcharge amount from .005 to .07937 per kWh and increases the caps slightly. Finally, Option #3 increases the Surcharge amount from .005 to .07937 per kWh and increases the caps to a funding level that will allow SSVEC to achieve more of its renewable energy goals. SSVEC would also request that it retain the flexibility to shift budget allocations as recommended by the ACC Staff in the 2009 REST plan.

Proposed 2010 REST budget	Options		
	# 1	# 2	# 3
Estimated 2010 Collections	\$ 1,395,495	\$ 2,297,234	\$ 3,009,635
Estimated 2009 carry over	\$ 10,000	\$ 10,000	\$ 10,000
Total Budget	\$ 1,405,495	\$ 2,307,234	\$ 3,019,635
Loan Program	\$ 98,000	\$ 162,000	\$ 200,000
Program Costs (Admin, Ads, etc)	\$ 211,000	\$ 300,000	\$ 350,000
Habitat Project	\$ 15,000	\$ 17,000	\$ 34,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 20,000	\$ 200,000	\$ 800,000
SunWatts Residential Rebates	\$ 9,897	\$ 349,940	\$ 354,381
SunWatts Commercial Rebates	\$ 6,598	\$ 233,294	\$ 236,254
Total Budget	\$ 1,405,495	\$ 2,307,234	\$ 3,019,635

Because SSVEC owns the PV systems under the CREBs portion of the budget (PV for Schools) these credits will be allocated to meet the R14-2-1805 distributed generation goals. For 2010 we have budgeted funds to attract additional distributed generation projects in our system to further increase the R14-2-1805 credits.

Budget Projections for all funding options.

REST 5 - Year Budget Projections using Funding Option # 1

	Budget Year				
	2010	2011	2012	2013	2014
REST Revenue	\$ 1,395,495	\$ 1,423,404	\$ 1,423,404	\$ 1,437,638	\$ 1,452,015
Estimated carry over from prior year	\$ 10,000	\$ 40,634	\$ 44,765	\$ 44,272	\$ 46,442
Total REST Budget	\$ 1,405,495	\$ 1,464,039	\$ 1,468,169	\$ 1,481,910	\$ 1,498,457

Projected Budget

Loan Program Funding (7%)	\$ 98,000	\$ 100,000	\$ 100,000	\$ 101,000	\$ 102,000
Program Costs (Admin, Ads, etc)	\$ 211,000	\$ 213,000	\$ 214,000	\$ 213,000	\$ 212,000
Habitat Project	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
SunWatts Residential Rebates	\$ 9,897	\$ 42,623	\$ 44,502	\$ 52,746	\$ 62,674
SunWatts Commercial Rebates	\$ 6,598	\$ 28,415	\$ 29,668	\$ 35,164	\$ 41,783
Total Projected Budget	\$ 1,405,495	\$ 1,464,039	\$ 1,468,169	\$ 1,481,910	\$ 1,498,457

Projected Expenses

Loan Program	\$ 58,800	\$ 60,000	\$ 70,000	\$ 70,700	\$ 71,400
Interest from loans	\$ (1,764)	\$ (3,420)	\$ (5,040)	\$ (6,908)	\$ (8,813)
Program Costs (Admin, Ads, etc)	\$ 211,000	\$ 212,055	\$ 212,585	\$ 212,054	\$ 211,524
Habitat Project	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 20,000	\$ 19,600	\$ 19,600	\$ 19,800	\$ 19,800
SunWatts Residential Rebates	\$ 12,866	\$ 51,148	\$ 44,502	\$ 51,691	\$ 60,794
SunWatts Commercial Rebates	\$ 3,959	\$ 19,891	\$ 22,251	\$ 28,131	\$ 35,515
Total Expense Projections	\$ 1,364,860	\$ 1,419,274	\$ 1,423,898	\$ 1,435,468	\$ 1,450,220

End of Year Balance	\$40,634	\$44,765	\$44,272	\$46,442	\$48,237
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REST 5 - Year Budget Projections using Funding Option # 2

	Budget Year				
	2010	2011	2012	2013	2014
REST Revenue	\$ 2,297,234	\$ 2,343,179	\$ 2,343,179	\$ 2,366,810	\$ 2,390,277
Estimated carry over from prior year	\$ 10,000	\$ 106,051	\$ 126,959	\$ 188,501	\$ 190,724
Total REST Budget	\$ 2,307,234	\$ 2,449,230	\$ 2,470,137	\$ 2,555,112	\$ 2,581,001

Projected Budget

Loan Program Funding (7%)	\$ 162,000	\$ 164,000	\$ 164,000	\$ 166,000	\$ 167,000
Program Costs (Admin, Ads, etc)	\$ 300,000	\$ 303,000	\$ 305,000	\$ 303,000	\$ 301,000
Habitat Project	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
SunWatts Residential Rebates	\$ 349,940	\$ 432,138	\$ 443,482	\$ 494,467	\$ 510,600
SunWatts Commercial Rebates	\$ 233,294	\$ 288,092	\$ 295,655	\$ 329,645	\$ 340,400
Total Projected Budget	\$ 2,307,234	\$ 2,449,230	\$ 2,470,137	\$ 2,555,112	\$ 2,581,001

Projected Expenses

Loan Program	\$ 97,200	\$ 98,400	\$ 114,800	\$ 116,200	\$ 116,900
Interest from loans	\$ (2,916)	\$ (5,609)	\$ (8,266)	\$ (11,354)	\$ (14,429)
Program Costs (Admin, Ads, etc)	\$ 250,000	\$ 251,250	\$ 251,878	\$ 251,248	\$ 250,620
Habitat Project	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000	\$ 17,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 200,000	\$ 196,000	\$ 196,000	\$ 198,000	\$ 198,000
SunWatts Residential Rebates	\$ 454,923	\$ 518,566	\$ 443,482	\$ 484,578	\$ 495,282
SunWatts Commercial Rebates	\$ 139,976	\$ 201,664	\$ 221,741	\$ 263,716	\$ 289,340
Total Expense Projections	\$ 2,201,183	\$ 2,322,271	\$ 2,281,636	\$ 2,364,387	\$ 2,397,714

End of Year Balance	\$106,051	\$126,959	\$188,501	\$190,724	\$183,287
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REST 5 - Year Budget Projections using Funding Option #3

	Budget Year				
	2010	2011	2012	2013	2014
REST Revenue	\$ 3,009,635	\$ 3,069,828	\$ 3,131,224	\$ 3,203,242	\$ 3,286,527
Estimated carry over from prior year	\$ 10,000	\$ 71,787	\$ 95,603	\$ 137,191	\$ 147,466
Total REST Budget	\$ 3,019,635	\$ 3,141,615	\$ 3,226,827	\$ 3,340,433	\$ 3,433,992

Projected Budget

Loan Program Funding (7%)	\$ 200,000	\$ 215,000	\$ 219,000	\$ 224,000	\$ 230,000
Program Costs (Admin, Ads, etc)	\$ 350,000	\$ 354,000	\$ 356,000	\$ 354,000	\$ 352,000
Habitat Project	\$ 34,000	\$ 35,000	\$ 36,000	\$ 36,000	\$ 36,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 800,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
SunWatts Residential Rebates	\$ 354,381	\$ 295,569	\$ 342,496	\$ 408,860	\$ 462,595
SunWatts Commercial Rebates	\$ 236,254	\$ 197,046	\$ 228,331	\$ 272,573	\$ 308,397
Total Projected Budget	\$ 3,019,635	\$ 3,141,615	\$ 3,226,827	\$ 3,340,433	\$ 3,433,992

Projected Expenses

Loan Program	\$ 120,000	\$ 129,000	\$ 153,300	\$ 156,800	\$ 161,000
Interest from loans	\$ (3,600)	\$ (7,353)	\$ (11,038)	\$ (15,322)	\$ (19,872)
Program Costs (Admin, Ads, etc)	\$ 350,000	\$ 351,750	\$ 352,629	\$ 351,748	\$ 350,868
Habitat Project	\$ 34,000	\$ 35,000	\$ 36,000	\$ 36,000	\$ 36,000
CREB Bonds for Schools	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 800,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
SunWatts Residential Rebates	\$ 460,695	\$ 354,683	\$ 342,496	\$ 400,683	\$ 448,718
SunWatts Commercial Rebates	\$ 141,752	\$ 137,932	\$ 171,248	\$ 218,059	\$ 262,137
Total Expense Projections	\$ 2,947,848	\$ 3,046,012	\$ 3,089,636	\$ 3,192,968	\$ 3,283,851

End of Year Balance	\$71,787	\$95,603	\$137,191	\$147,466	\$150,141
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Estimated Impact of Tariff on Customers

Average Collections (\$)

Rate Class	Option #1	Option #2	Option #3
Residential	1.16	1.82	2.98
General Service *	7.30	8.83	8.95
Irrigation	26.31	35.19	35.19
Rate P & IP	35.61	93.65	127.45
3MW + Cap	150.00	200.00	300.00

Percentage Reaching Caps

Rate Class	Option #1	Option #2	Option #3
Residential	75%	85%	65.5%
General Service *	2%	1.0%	1.0%
Irrigation	56%	26%	57.8%
Rate P & IP	75%	57%	35.5%
3MW + Cap	100%	100.0%	100.0%

* This rate class includes private wells that will never reach the cap and lower both the average collected and percentage reaching the cap.

Sample Customer Impacts

Sample Customers	Average kWh	Monthly Bill Impact			
		2009	2010 #1	2010 #2	2010 #3
Average Residential Customer	800	\$ 1.30	\$ 1.30	\$ 1.95	\$ 3.49
Barber Shop	3,541	\$ 17.71	\$ 17.71	\$ 28.10	\$ 28.10
Department Store	161,760	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Mall (less tenants)	61,872	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Retail Video Store	12,843	\$ 42.00	\$ 42.00	\$ 75.00	\$ 85.00
Large Hotel	30,700	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Large Building Supply and Hardware	157,707	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Motel	30,227	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Large Office Building	78,120	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Hospital	360,075	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Supermarket	117,860	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Convenience Store	18,403	\$ 42.00	\$ 42.00	\$ 120.00	\$ 146.06
School	67,967	\$ 42.00	\$ 42.00	\$ 120.00	\$ 200.00
Irrigation Customer	51,745	\$ 42.00	\$ 42.00	\$ 50.00	\$ 50.00

Estimated renewable additional capacity from 2010 program

Estimated kW added	Option #1	Option #2	Option #3
Large Scale Renewables PPA*	91.3	913.2	3,653.0
Residential Rebates	3.3	116.6	118.1
C&I rebates	2.2	77.8	78.8
Total	96.8	1,107.7	3,849.8

* PPA assumes a \$0.10 adder to normal wholesale cost

Goals as a percentage of kWh sales and Renewable capacity needed to meet goals

Renewable Energy Goals					
Year	Retail Sales (MWh) from the 2008 PRS	Renewable Goal (%)	Renewable Energy Needed (MWh)	Renewable Capacity needed (MW)	Renewable MW Installed *
2007	796,093	.5%	3,980	1.8	.14
2008	819,072	.5%	4,095	1.9	.31
2009	886,759	1.0%	8,868	4.0	2.3
2010	917,376	1.3%	11,467	5.2	3.4
2011	945,922	1.5%	14,189	6.5	
2012	973,679	1.8%	17,039	7.8	
2013	998,033	2.0%	19,961	9.1	
2014	1,023,514	2.3%	23,029	10.5	
2015	1,047,502	2.5%	26,188	12.0	
2016	1,073,556	3.0%	32,207	14.7	
2017	1,097,220	3.5%	38,403	17.5	
2018	1,122,319	4.0%	44,893	20.5	
2019	1,149,655	4.5%	51,734	23.6	
2020	1,176,514	5.0%	58,826	26.9	
2021	1,202,185	5.5%	66,120	30.2	
2022	1,228,846	6.0%	73,731	33.7	
2023	1,254,640	6.5%	81,552	37.2	
2024	1,281,112	7.0%	89,678	40.9	
2025	1,305,392	7.5%	97,904	44.7	

* 2010 installed estimate based on funding option #2

The REST Rule R14-2-1814 allows the Cooperatives to submit a plan as a substitute for the Annual Renewable Energy Requirements set forth in R14-2-1804 and R14-3-1805. By increasing the funding level and its efforts, SSVEC is voluntarily attempting to achieve higher goals to eventually meet the goals listed in R14-2-1804 and R14-3-1805.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about January 1, 2008 and billed beginning with the February 2008 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.005 per kWh subject to the following maximum per month:

Residential Consumers	\$1.30
Commercial & Industrial	\$42.00
Industrial (Demand over 3MWs)	\$150.00

Exhibit B (Funding Option #1)

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about October 1, 2009 and billed beginning with the November 2009 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.005 per kWh provided by the Cooperative

Subject to the following maximum per month:

Residential Consumers(Rates R, RT)	\$ 1.30
General Service (Rates GS, GT, non-residential rates not listed below)	\$ 42.00
Irrigation Customers (Rates CD, CW, CD-Large, IL, IS)	\$ 42.00
Commercial & Industrial (Rates P, IP, PRV, PT)	\$ 42.00
Industrial (Demand over 3MWs)	\$ 150.00

Schedule of fee's for SunWatts inspections:

1 st inspection	no charge
2 nd inspection (if needed*)	\$ 75.00
3 rd and subsequent inspections (if needed*)	\$150.00 ea.

additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.

Exhibit C (Funding Option #2)

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about October 1, 2009 and billed beginning with the November 2009 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.007937 per kWh provided by the Cooperative

Subject to the following maximum per month:

Residential Consumers(Rates R, RT)	\$ 1.95
General Service (Rates GS, GT, non-residential rates not listed below)	\$ 75.00
Irrigation Customers (Rates CD, CW, CD-Large, IL, IS)	\$ 50.00
Commercial & Industrial (Rates P, IP, PRV, PT)	\$120.00
Industrial (Demand over 3MWs)	\$200.00

Schedule of fee's for SunWatts inspections:

1 st inspection	no charge
2 nd inspection (if needed*)	\$ 75.00
3 rd and subsequent inspections (if needed*)	\$150.00 ea.

* additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
PO Box 820
Willcox, Arizona 85644

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about October 1, 2009 and billed beginning with the November 2009 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.007937 per kWh provided by the Cooperative

Subject to the following maximum per month:

Residential Consumers(Rates R, RT)	\$ 3.49
General Service (Rates GS, GT, non-residential rates not listed below)	\$ 85.00
Irrigation Customers (Rates CD, CW, CD-Large, IL, IS)	\$ 50.00
Commercial & Industrial (Rates P, IP, PRV, PT)	\$200.00
Industrial (Demand over 3MWs)	\$300.00

Schedule of fee's for SunWatts inspections:

1 st inspection	no charge
2 nd inspection (if needed*)	\$ 75.00
3 rd and subsequent inspections (if needed*)	\$150.00 ea.

* additional inspections charges are subtracted from any rebates or PBI and only required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that can not be corrected during the first or subsequent inspection. Inspection fee to be returned to the REST funds.

ELECTRIC RATES

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

P.O. Box 820

Willcox, Arizona 85644-0820

Filed By: Creden Huber

Title: General Manager/CEO

Effective Date: _____

STANDARD OFFER TARIFF

NET METERING TARIFF SCHEDULE NM

Availability

Net Metering service is an option for all customers of the Cooperative with a qualifying Net Metering Facility. Participation under this schedule is subject to availability of enhanced metering and billing system upgrades. The electric energy generated by or on behalf of the member from a qualifying Net Metering Facility and delivered to the Cooperative's distribution facilities may be used to offset electric energy provided by the Cooperative during the applicable billing period.

Net Metering Facility means a facility for the production of electricity that:

- a. Is operated by or on behalf of the customer and is located on the customer's premises;
- b. Is intended to provide part or all of the customer's requirements for electricity;
- c. Uses Renewable Resources, a Fuel Cell or CHP (as defined below);
- d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
- e. Is interconnected with and can operate in parallel in phase with the Cooperative's existing distribution system.

Service under this tariff is available provided the rated capacity of the customer's Net Metering Facility does not exceed the Cooperative's service capacity. The customer shall comply with all of the Cooperative's interconnection standards. The customer is also required to sign and complete the Net Metering Application prior to being provided Net Metering Service. This service is also referred to as Partial Requirements Service.

Metering

Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in a billing period.

The customer requesting Net Metering shall pay for the incremental cost difference of the bi-directional meter required for Net Metering and the standard meter, as a one time charge. The charges will be reviewed annually and updated meter costs will be provided to the ACC staff for their review. The incremental meter cost shall be posted on the SSVEC website and available at any SSVEC office along with the annual avoided kWh cost.

Monthly Billing

NET METERING TARIFF SCHEDULE NM

If the kWh supplied by the cooperative exceeds the kWh that are generated by the customer's Net Metering Facility and delivered back to the cooperative during the billing period, the customer shall be billed for the net kWh supplied by the Cooperative in accordance with the rates and charges under the customer's standard rate schedule.

If the electricity generated by the customer's Net Metering Facility exceeds the electricity supplied by the Cooperative in the billing period, the customer shall be credited during the next billing period for the excess kWh generated. That is, the excess kWh during the billing period will be used to reduce the kWh supplied (not kW or kVA demand or customer charges) and billed by the Cooperative during the following billing period.

Customers taking service under time-of-use rates who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit during the next billing period during the on- or off- peak periods corresponding to the on- or off- peak periods in which the kWh were generated by the Customer.

Once each calendar year or when the account is closed, the Cooperative shall issue a check or billing credit to customers with Net Metering Facilities for the balance of any credit due in excess of amounts owed by the customer to the Cooperative for Non-Firm Power. The payment for any remaining credits shall be at the Cooperative's Annual Average Avoided Cost. Amounts over \$100.00 will be paid by check lesser amounts will be a billing credit. The Customer may also elect to donate the payment to the SSVEC Foundation or Operation RoundUP. Any payment for Firm Power will be pursuant to a separate contract.

Monthly Service Availability Charge

In 2008 the Cost of Service Study (which has been reviewed and approved by the Commission) showed the following Monthly Service Availability Charges were found to be required to cover the Cooperatives fixed cost for each rate class. Since NET Metering can allow the customer to become a "NET Zero" account we have to be able to recover our fixed charges that are normally recovered in the kWh sales. To prevent rate subsidization from other rate payers, customers choosing to use NET Metering will have the following Service Availability Charges applied:

Residential	\$23.31
Commercial	\$41.78
Large Power	\$173.14
Irrigation	\$357.84
GS TOU	\$109.42
LP TOU	\$224.52
LP Industrial	\$605.51
RV Parks	\$161.70

Definitions

1. Annual Average Avoided Cost is defined as the average wholesale fuel and energy cost per kWh charged by the Cooperative's wholesale power supplier(s) during the previous 12 months calculated with the receipt of the July wholesale power bills. The Annual Average Avoided Cost

**NET METERING TARIFF
SCHEDULE NM**

will then be applied in the September “true up” period or when a NET Meter Account is closed during the Net Metering Calendar Year. This cost will be updated on September 1st each year and posted to the SSVEC website and available at any Cooperative office.

2. Calendar Year: For the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative, the Calendar Year for NET Metering is defined as September 1 through August 31 (September billing cycle).
3. Renewable Resource means natural resources that can be replenished by natural processes, including Biomass, Biogas, Geothermal, Hydroelectric, Solar or Wind as defined in A.A.C. R14-2-2302(2) &(3).
4. Combined Heat and Power or CHP (also known as cogeneration) means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
5. Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.
6. Determining the customers 125% capacity from load data:
 - a. In the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average annual PV production hours) to determine the 100% capacity level in kW which will achieve a “net zero” home or business. To which the 125% will be applied
 - b. For customers with a demand history it will be 125% of the highest demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.
7. Partial Requirements Services- Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the “parallel mode” of operation.
8. Non-Firm Power- Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
9. Firm Power- Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or

**NET METERING TARIFF
SCHEDULE NM**

demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.

10. Standard Rate Schedule- Any of the Company's retail rate schedules with metered kWh charges.
11. Time Periods- Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.